

Impact of COVID-19 Lockdown on Global Economy

Sumit Kushwaha, Department of Electronics Engineering, Kamla Nehru Institute of Technology, Sultanpur, Uttar Pradesh, India

Abstract: This paper shows the analysis on the impact of COVID-19 Lockdown on Global. According to World Health Organization (WHO), there have been 31,99,277 confirmed cases of COVID-19, including 2,26,790 deaths till April 30th, 2020 globally. Due to this global pandemic COVID-19, the world economy may down approximately 1% till December, 2020. United Nations Department of Economic and Social Affairs (UNDESA) has done some study on this which shows that the impact of COVID-19 on the global economy may be even more normal if limitations on people movement and economic activity increase.

Keywords: COVID-19, Economy, Global, Lockdown, WHO

Introduction

Corona Virus Disease 2019 (COVID-19) is an infectious disease caused by Severe Acute Respiratory Syndrome Corona Virus 2 (SARS-CoV-2). Recently, this disease was identified in late December, 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing COVID-19 pandemic. According to World Health Organization (WHO), there have been 31,99,277 confirmed cases of COVID-19, including 2,26,790 deaths till April 30th, 2020 globally [1].

According to the deep study of United Nations Department of Economic and Social Affairs (UNDESA), the employment crisis has arisen in front of millions of crores of workers because almost every country has closed its national borders. If the same situation continues like this till December, 2020, the rate of global economy will be down by 1%. This study report of UNDESA said that the severity of impact on the economy from COVID-19 will depend on how long the movement of people in large economies and the ban on economic activities continue for a long time. The severity of this pandemic situation can be mitigated by impact of measures that provide financial impetus [2].

The COVID-19 lockdown situation is approximately in worldwide. Still in this situation, Europe, North America like countries have severely affected by the movement of people and, affecting the services sector. These include retail, luxury and hospitality, entertainment and transportation industry in particular. These industries provide approximately 30% employment opportunities in the economies of these regions. But, unemployment is also expected to increase rapidly due to revenue loss in businesses. In many developed countries, a large part of the population does not have sufficient financial resources and may have to struggle even after 4 months [3].

Downfall in Global Economy

The economic impact of COVID-19 is spreading worldwide. The effects of restrictions on economic activity in developed economies will reach the path of trade and investment in developing countries in the coming days. There has been a sharp decline in consumer spending in the European Union and the United States, which will affect the import of consumer goods from developing countries. Global manufacturing output is also expected to fall, which is likely to affect the global supply chains. According to the study of UNDESA, in the worst scenario, global Gross Domestic Product (GDP) will shrink by approximately 1% till December, 2020, when earlier it was estimated to increase by 2.5% [2, 4].

If the restrictions on economic activity continue even in the third quarter of this year and the financial assistance on the income and consumer expenditure front fails, then the economy is likely to shrink further. During the global financial crisis in the year 2009, the world economy had decreased by 1.7%. Tourism, goods exports and capital out of the country will have an impact on weak developing countries, especially those countries which are dependent on tourism and goods exports. For example, there has been a sudden sharp decline in the number of tourists, affecting millions of workers in small island developing states who depend on tourism sector for livelihood [3].

Impact on Sustainable Development

The global COVID-19 pandemic will also affect the millions of low-wage workers in the service sector who often work in an environment where it is not possible to keep a precautionary distance from other workers in the absence of labor protection provisions. On the income front, he has a lack of help, which has increased his apprehension of getting caught in the cycle of poverty [5, 6].

The level of income inequality is already very high in many developed countries. The closure of schools will have an impact on the already existing gap in the education sector, which is feared to be deepened, the results of which can be seen after a long time. According to the study of UNDESA, the situation is getting worse with COVID-19, the economic restlessness that has taken place to the depths is increasing, which is fueled by slow economic growth and more inequality [6].

Conclusion

According to the study of UNDESA, 27% and 40% of the population of Italy and Spain, which are badly affected by COVID-19 respectively. Furthermore, people of these countries do not have enough savings so that they can live more than 4 months in the event of no employment. This type of situation could be occurred in other countries. For the betterment from COVID-19 pandemic situation, a financial package has been suggested in which efforts should be made to control the spread of the COVID-19 while keeping health expenses paramount. Simultaneously, income related assistance will have to be provided to the families affected by the globally epidemic so that the possibility of deep economic recession can be reduced.

References

WHO Reports, available online at: <https://www.who.int/gho/publications/en/>.

United Nations News, available online at: <https://news.un.org/en/news>.

Business Today, available online at: <https://www.businesstoday.in/latest>.

Economic Times, available online at: <https://economictimes.indiatimes.com/news>.

Wikipedia, available online at: <https://www.wikipedia.org/>.

India Today, available online at: <https://www.indiatoday.in/news.html>.